

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (4/15)
BUTTER: Grade AA closed at \$1.4850. The weekly average for Grade AA is \$1.5217 (-.0358).

CHEESE: Barrels closed at \$1.4800 and blocks at \$1.5600. The weekly average for barrels is \$1.5100 (-.0430) and blocks, \$1.5740 (-.0210).

BUTTER: The butter price at the CME is weak with the cash price the lowest since August 2004. Many producers and handlers state that they do not care for fluctuating prices, but do state that they anticipate adjustments to continue. Cream offerings remain surprisingly heavy for this late in the spring. Class II users are taking smaller volumes than anticipated. In most instances, churning is surpassing demand, thus inventories are building. The CME inventory gap between this year and last is narrowing, but inventories are less than half the level of 2003. Demand has slowed since Easter and end users are assessing their inventory situations and reordering accordingly. Very little feature activity is being reported and retail prices are often high enough to curtail some demand.

CHEESE: The cash cheese market is weak. Some in the industry feel that milk and cheese production will likely stay above year ago levels into spring, reducing the need for higher prices such as the record \$2.20 Chicago Mercantile Exchange cash block price just a year ago. Current cheddar supplies remain tight to just adequate with some delays in orders noted in the West. Mozzarella remains long with some discounting occurring to keep inventories from accumulating. Cheese production is generally steady to heavier except in the Northeast where some plants are deliberately reducing cheese production schedules..

FLUID MILK: Milk intakes are declining seasonally in Florida as higher temperatures impact production. Milk production is increasing seasonally in the Northeast and Central areas. In Arizona, milk receipts are declining, though plant intakes are higher in New Mexico. Increases are noted throughout California though smaller in the southern part of the state. Cool though dry conditions prevail in the Pacific Northwest, slowing pasture and alfalfa growth. Some in the industry there believe the annual peak is near or has just occurred. Spring weather is occurring in Utah and Idaho where fluid

intakes are increasing along usual spring levels. Manufacturing schedules are generally heavier to handle the extra milk volumes.

DRY PRODUCTS: The NDM market continues steady to firm. Supplies remain limited though deliveries on delayed shipments are increasing. Production is steady to higher as milk volumes increase seasonally and some extra fluid volumes are cleared to churners. Exports continue to clear some NDM volume. Current inventories remain light. Whey prices are unchanged to fractionally higher on a steady to firm market. Production is steady to seasonally higher except in the Northeast where production is lighter because a few producers reduced cheese production. The buttermilk market is steady to firm. Churning remains active, generating good volumes of condensed and dry buttermilk. Some dried inventory is being built for delivery later in the year. Prices are unchanged for WPC in a firm market. Trade activity is limited as producers just try to satisfy contracted volumes and reserve any extra supplies for their contracts.

CCC: During the week of April 11 - 15, there was no price support activity. The last CCC purchase of NDM occurred in late November 2004.

APRIL MILK SUPPLY AND DEMAND ESTIMATES (WAOB):

The milk production forecast for 2004/05 is marginally reduced from last month. Demand remains firm and price forecasts are raised. The forecast for Class III milk is raised to \$13.95 - \$14.35 per cwt. and the Class IV price range is tightened to \$12.40 - \$13.00. The all milk price is raised to \$14.95 - \$15.35 for 2004/05. The 2005 calendar year milk production estimate is 173.5 billion pounds, up 1.6% from 2004.

JANUARY MAILBOX MILK PRICES (DAIRY PROGRAMS):

In January 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.89, \$.49 less than the figure for the previous month. The component tests of producer milk in January 2005 were: butterfat, 3.75%; protein, 3.08%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices decreased in all reporting areas except four, and ranged from \$18.70 in Florida to \$14.09 in New Mexico. In January 2004, the Federal milk order all-area average mailbox price was \$13.20, \$2.69 lower.

******SPECIAL THIS ISSUE******

BUTTER AND CLASS III AND IV FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 APRIL MILK SUPPLY AND DEMAND ESTIMATES (PAGE 9)

JANUARY MAILBOX MILK PRICES (PAGE 10)
 DAIRY GRAPHS (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY APRIL 11	TUESDAY APRIL 12	WEDNESDAY APRIL 13	THURSDAY APRIL 14	FRIDAY APRIL 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5200 (N.C.)	\$1.5300 (+.0100)	\$1.5100 (-.0200)	\$1.5100 (N.C.)	\$1.4800 (-.0300)	(-.0400)	\$1.5100 (-.0430)
40# BLOCKS	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5700 (-.0100)	\$1.5600 (-.0100)	(-.0200)	\$1.5740 (-.0210)
BUTTER GRADE AA	\$1.5600 (N.C.)	-----	\$1.5200 (-.0400)	-----	\$1.4850 (-.0350)	(-.0750)	\$1.5217 (-.0358)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, APRIL 11, 2005

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.4700; 8 CARS 40# BLOCKS @ \$1.5000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6000

BUTTER -- SALES: 3 CARS GRADE AA @ \$1.5600; BIDS UNFILLED: 6 CARS GRADE AA: 2 @ \$1.5550, 2 @ \$1.5400, 2 @ \$1.5300; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.5800

TUESDAY, APRIL 12, 2005

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.5200, 1 @ \$1.5300; 3 CARS 40# BLOCKS @ \$1.5800; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4800; OFFERS UNCOVERED: NONE

WEDNESDAY, APRIL 13, 2005

CHEESE -- SALES: 2 CARS BARRELS @ \$1.4975; 5 CARS 40# BLOCKS @ \$1.5800; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5100; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 11 CARS GRADE AA: 1 @ \$1.5400, 1 @ \$1.5200, 3 @ \$1.5100, 3 @ \$1.5050, 1 @ \$1.5175, 1 @ \$1.5150, 1 @ \$1.5200; BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.5200, 2 @ \$1.5100, 1 @ \$1.5050, 1 @ \$1.5025, 2 @ \$1.5000, 1 @ \$1.4900; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$1.5375, 4 @ \$1.5400

THURSDAY, APRIL 14, 2005

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.5700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.5100; 1 CAR 40# BLOCKS @ \$1.5800

FRIDAY, APRIL 15, 2005

CHEESE -- SALES: 6 CARS 40# BLOCKS: 4 @ \$1.5600, 1 @ \$1.5575, 1 @ \$1.5600; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.5600, 2 @ \$1.5000; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.4800, 1 @ \$1.5000, 1 @ \$1.5100

BUTTER -- SALES: 21 CARS GRADE AA: 2 @ \$1.5050, 4 @ \$1.5000, 1 @ \$1.4975, 1 @ \$1.4900, 2 @ \$1.5100, 2 @ \$1.5000, 1 @ \$1.4950, 4 @ \$1.4925, 2 @ \$1.4900, 1 @ \$1.4850, 1 @ \$1.4825; BIDS UNFILLED: 14 CARS GRADE AA: 1 @ \$1.4850, 1 @ \$1.4825, 4 @ \$1.4800, 2 @ \$1.4700, 1 @ \$1.4525, 5 @ \$1.4500; OFFERS UNCOVERED: 7 CARS GRADE AA @ \$1.5200

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**NORTHEAST**

The butter market appears a little more settled. There is moderate trading activity occurring at the CME, but trading levels for nearly all of March and April have traded in the \$1.50's. Churning activity in the East continues to be heavy. Fluid cream supplies remain excessive, which surprises some contacts. Typically, Class II cream usage improves in the early spring and that has not happened to any great degree so far this year. Eastern butter makers are nearly full or they are taking only the cream volumes they want. Loads continue to clear to Midwestern butter makers. Bulk and packaged butter stocks are adequate for current needs. Retail butter sales are slow and food service orders are steady. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

Butter markets remain unsettled as the cash price at the CME continues to adjust within a narrow margin. Many producers and handlers state that they do not care for fluctuating prices, but do state that they anticipate adjustments of these types to continue to occur. Churning activity remains seasonally quite strong. Cream volumes continue to be heavier than many producers anticipated for this time of the season. Cream supplies from outside sources continue to be offered, although this week, these volumes are lighter. Current churning is surpassing demand thus surplus continues to clear to inventory. Butter

demand is seasonally fair. Some late Passover orders continue to be placed and shipped, although most of this demand has been filled. Most butter orders are being placed for short or near term needs. Food service orders are somewhat stronger as restaurants are realizing more traffic as spring weather conditions encourage away from home eating patterns. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME continue to gyrate in a narrow range. The price did fall at midweek (April 13) to \$1.52. The price has not been this low since March 9. Demand has slowed since Easter for print and bulk butter. End users have assessed their inventory situations and have reordered accordingly. Little interest is noted for putting much butter away for future needs. Very little feature activity is noted and retail prices are high enough to curtail some demand. Cream offerings remain surprisingly heavy for this late in the spring. Class II users are taking smaller volumes than anticipated. Churns are getting the balance of the cream. There is no good estimate as to when this scenario may change. CME weekly warehouse stocks grew by 2.36 million pounds this past week to stand at 70.0 million pounds. Stocks have grown 5.8 million pounds over the last five weeks. Last year at the end of week 15, stocks stood at 87.4 million pounds and they were 165.1 million pounds in 2003. Bulk butter prices range from flat to 3 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

	CHEESE			
	40# BLOCKS	BARRELS	NDM	BUTTER
WEEK ENDING		38% MOISTURE		
APRIL 9	1.5568	1.5524	0.9131	1.5439
	8,201,480	10,057,542	17,632,138	3,738,236

0.2581

13,019,380

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices moved lower, but the market tone remains relatively steady. However, lower prices do tend to spark improved interest. So far this year, there have been three up and down price cycles and buyers have had to time their ordering as best they could to take some advantage of the lower prices. Now that prices have again moved lower, buyers are reentering the market. On the other hand, producers are faced with lower cheese prices and rising milk prices. Those producers that can are curtailing production due to cost/return factors. Demand for cheese at the retail level is slow to fair while steady in the food service channels. Cheddar cheese continues to move into aging programs. Mozzarella supplies are adequate, but historically demand for this cheese eases as we near the end of the school/college terms.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6600-2.1750
Cheddar Single Daisies	:	1.6175-2.0925
Cheddar 40# Block	:	1.7350-1.9925
Process 5# Loaf	:	1.7625-1.9700
Process 5# Sliced	:	1.7825-1.9975
Muenster	:	1.8325-2.0350
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is about steady. Some traders are expecting milk and cheese production to remain slightly above year ago levels at least into spring, easing the need to challenge the price record of a year ago when the daily block price hit the record high of \$2.20 per pound (4/14/04) at the Chicago Mercantile Exchange cash cheese market. Current cheddar and natural American supplies seem to be about in balance and are clearing with relative ease. Barrel interest is steady at moderate to good levels. The tight international supplies and weak U.S. dollar have made imported processing solids limited, adding support for good domestic processing solids. Process movement still seems to lack the usual spring pickup in demand. Mozzarella remains long and some producers continue to struggle to keep inventories from accumulating by discounting prices. Cheese output is increasing seasonally as milk intake increases exceed the reduction in cheese yields.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7525-2.0300
Brick And/Or Muenster 5#	:	2.0400-2.1450
Cheddar 40# Block	:	1.9100-2.2650
Monterey Jack 10#	:	2.1100-2.2650
Blue 5#	:	2.4400-2.7200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8850-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.9000

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
04/11/05	43,398	: 136,389
04/01/05	42,393	: 133,181
CHANGE	1,005	: 3,208
% CHANGE	2	: 2

WEST

The weekly average CME block price declined slightly last week after increasing more than 15 cents over the previous three weeks. This is the third price cycle this year. Each successive cycle has had a lower peak and a higher minimum, the amplitude of the variation has narrowed. The January peak was \$1.7575, February was \$1.7000, and March was \$1.6250. Trading activity at the cash CME market has been relatively light. Cheddar cheese supplies in the Western region are barely adequate to fill current orders and new orders often have to be delayed. The plants are making more cheese seasonally, but demand is good enough to clear the increased offerings very easily. Western contacts are surprised that there is any weakness in the market and that some cheese is being offered. Any cheese that does not make the number one quality criteria is also clearing out very well. Swiss stocks are balanced to tight. Mozzarella offerings are heavier and some discounting is noted to keep offerings clearing.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7075-1.9650
Cheddar 40# Block	:	1.7150-2.0675
Cheddar 10# Cuts	:	1.8950-2.1150
Monterey Jack 10#	:	1.9050-2.0650
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady to lower and the market tone is little changed. The Dollar has regained some strength in recent days and may play a part in importers' near-term purchasing strategies. Demand for foreign type cheese is slowing along typical seasonal patterns.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6900	: 1.9725-3.4625*
Gorgonzola	: 3.6900-5.9400	: 2.4900-2.5525*
Parmesan (Italy)	: TFEWR	: 3.3900-3.4950*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.9750-2.2100*
Romano (Cows Milk)	: -0-	: 3.1700-5.3350*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	134	0	136	0	187
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, March 2005 uniform prices: Northeast \$16.04, Mideast \$14.95, Appalachian \$16.74, Southeast \$16.63, Florida \$18.15, and Western New York (a state order) \$15.60 at the base city or county in the orders. Milk production is reported to be easing lower from peak levels in Florida, Louisiana, and other Gulf Coast states. The milk flow is at or near the peak in the Mid-South and continues to increase at varying rates in the Middle Atlantic and Northeastern states. Florida's temperatures are increasing and the hot weather is starting to impact the milk flow. Milk shipments out of Florida are steady with last week as slower Class I needs offset lighter milk production. Contacts report that better weather in the Northeast is allowing some farmers to get their cows out on pasture. However, pasture growth is not progressing very quickly. As the milk flow starts its seasonal increase in the Northeast, contacts point out that fat and protein tests are lagging. Fluid milk supplies remain ample and Class I usage is about steady to slightly slower. Surplus milk supplies are steady to heavier and most Southeastern manufacturing/balancing plants are operating at or near capacity. In some instances, Northeastern cheese operations are taking less milk, which pushes more milk into butter/powder plants. The condensed skim market is steady and prices are unchanged. However, warmer weather is helping boost soft serve and hard ice cream mix production and this is utilizing a little more Class II condensed skim. Class III usage is about steady. The fluid cream market is not as weak as it was last week. Although excess volumes continue to clear to Midwestern butter makers, the volumes shipped are about half what they were last week. Class II demand is improving slowly as "ice cream season" is reportedly getting underway. The warmer weather along the East Coast helped boost soft serve mix sales. Spot prices are often higher as multiples increased from last week's levels and the CME average butter price did increase fractionally. Cream cheese output is reported as light to moderate. Churning activity in the Northeast is moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9002-2.0248
DELIVERED EQUIVALENT ATLANTA	-	1.8846-2.0559 M 1.9313-2.0248
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8690-1.9313

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9800-1.0100
NORTHEAST- CLASS III - SPOT PRICES	-	1.1200-1.1600

M I D W E S T

Class I interest seems to have improved slightly from last week but still seems to lag pre-holiday/spring break levels. A few bottlers had retail promotions underway that were stimulating extra sales. Cottage cheese interest is steady to improved. Manufacturing milk interest is limited and purchases seem hit or miss. Handlers are reporting increased difficulty in moving extra loads of milk. Handlers also commented that at least a couple smaller operations were trying to close or limit production for a day or so next week for the cheese makers show. Reported spot prices range from flat Class delivered to around \$1.30 over class net fob. Ice cream interest is steady to heavier where operations have added a shift or line. Still, ice cream output seems to lag year ago levels at some operations. Milk intakes are increasing seasonally throughout the region. Most plants are seeing farm loads coming in a little larger. Temperatures are generally seasonal through most of the region though low temperatures in the 30's are keeping winter wheat, grass, and pasture growth slow in northern sections. Through the upper tier of states, components have yet to see the bigger declines associated with cows on fresh pastures though

components continue to ease lower. Planting season is well underway below the top tier of states. In the northern tier of states, farmers are starting field preparation and fertilizing, but cool soil temperatures remain an issue for corn germination.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	APRIL 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 54.00- 65.00	\$ 49.00- 55.50
REPLACEMENT HEIFER CALVES	\$300.00-650.00	\$390.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	APRIL 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 53.00- 63.00	\$ 49.00- 55.00

W E S T

The May 2005 Class 1 prices in CALIFORNIA range from \$16.38 in the north to \$16.65 in the south. The statewide average Class 1 price based on production is \$16.43. The average is \$.63 higher than April 2005 but \$.88 less than May 2004. Milk output remains seasonally active across most of CALIFORNIA at levels trending steady to slightly higher on a weekly average basis. Plant intakes are sharply higher than year ago levels in the Central Valley, slightly higher in the north, and mostly steady in the far south. Several plant-related problem in the state caused milk to be moved around to other plants. Weather conditions are mostly favorable for milk cow comfort. Hay harvest is moving farther north and new crop hay and green chop are being fed. This is helping the milk flow. Fluid milk sales and orders are flat. School and retail buying patterns are being reestablished following recent vacation/holiday disruptions. ARIZONA milk production is steady to lower. The wide variations in output this spring caused by weather related problems is making it harder to see whether volumes are beginning to back off from the seasonal peak. High temperatures are approaching 90 degrees, but nighttime lows are in the 50's. These levels are still conducive for milk output. Plant capacity is available for current supplies and additional volumes are being handled from nearby states. NEW MEXICO milk supplies are increasing and favorable conditions are pushing milk production higher than year ago levels for many producers. Levels had been depressed by poor weather conditions and other factors for several months and lags were occurring versus year ago levels. A plant problem loosened milk supplies and loads were shipped to the Southeast and nearby states. The CREAM market is unsettled to weak. Cream supplies are heavier than expected and prices are being lowered to keep cream moving. Excess cream is ending up at churns. Ice cream producers are slow to establish buying patterns. The butter price at the CME closed on Wednesday, April 13 at \$1.5200, down 4 cents from last week. Multiples are steady to lower within the range and trade from 109 to 124 FOB, and vary depending on basing points and class usage. Shipping fuel surcharges are also impacting cream costs. Cool conditions with limited moisture continue over most of the coastal areas of the PACIFIC NORTHWEST. Pasturing and grass harvest are slow and the growth is getting past optimal maturity. Alfalfa growth is slow there as well in the areas east of the Cascades. The first cutting of hay will be at or later than what is considered seasonally normal. Scattered loads of lower quality hay are moving as dairy herds attempt to stretch existing supplies until the new crop becomes available. Some areas report that they believe that the flush peak has already occurred. Others believe that supplies of milk will continue to grow over the next few weeks. Heifers are hard to find and remain expensive. Cull cow prices are firm and dairies are continuing to keep the low end cows moving out of their herds. U.S. total dairy cows slaughtered through the end of March total 611,900 head, down 5% from the previous year. Weather conditions are moving into spring type patterns in UTAH and IDAHO. Milk output continues to increase along normal spring flush expectations. Some producers are wondering if the stored feed that they have left will allow much of a production spurt. The quality on some of the stored feed that is left is far from ideal, but to replace it would be very expensive if it was even possible. Competition for hay in Idaho is intense currently and is expected to get worse as other regions look to balance some of their hay shortfalls. Plants are happy to get any additional supplies of milk this spring. Heifer prices remain firm, often topping \$2200 with limited availability.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices remain unchanged on a steady to firm market. While supplies of NDM remain limited, buyers are noting that deliveries on delayed shipments are increasing. As loads were shorted during the course of the last few months, buyers have been garnering loads on the spot market whenever possible. Once all contractual shipments are satisfied, as is expected to occur in May, spot market supplies and movement will likely be determined by either persistent export demand or limited production during the hot summer months. NDM production is seasonally higher as more milk clears into plants. Limited quantities of NDM from previous CCC exchange programs are reportedly available and trading into feed and food accounts for the good interest.

EAST: The market tone remains firm and prices are unchanged. Production levels are increasing in the Northeast as surplus milk volumes increase along seasonal patterns. Not only is milk production starting to increase, but some cheese plants are reducing their output. This is pushing more milk through butter/powder plants. Contacts report that milk volumes should increase during the coming weeks as milk output climbs toward its seasonal peak, usually in late April or early May. Even with this increasing drying, NDM stocks are light. Most dryers are producing to fill existing orders and most are working hard to stay current with their deliveries. Spot buyers are "having to take a number" and wait for delivery. Lead times are often several weeks out. Demand is very good as most users see continued firmness in the market and many are trying to build a little inventory to cover future needs. Some contacts feel that this could hurt demand later in the year, but buyers feel that they have to cover their needs while they can. Most spot needs continue to be filled in the resale side of the market.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9225 - 1.0100 MOSTLY: .9525 - .9625
HIGHHEAT: .9575 - 1.0950

NONFAT DRY MILK - WEST

Pricing levels for low/medium heat nonfat dry milk powder are steady. The general market tone continues to trend slightly firmer. Pricing levels and indexes have remained fairly level over the last four weeks. Producers' offerings range from light to balanced with some running a couple weeks behind on orders. Additional milk supplies are creating more NDM production and more producer offerings at some locations. The converse is that buyers have become better at anticipating needs and are putting in orders ahead of time. With pricing levels steady over the last month, there is less speculative buying taking place. Exporting continues to clear powder. Offerings of older, program NDM are limited and at prices close to current offerings. Current, producer stocks are light to moderate. High heat prices are steady and untested in light trading. Demand is slow to develop seasonally and remains light. Offerings are available from producers at most locations. Drying schedules are mainly limited to schedules.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8975 - .9750 MOSTLY: .9150 - .9500
HIGHHEAT: .9375 - .9800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 8	\$.8963	8,083,160	0
April 1	\$.8949	8,425,454	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Buttermilk prices are unchanged and nominal. Production is mostly steady. Ice cream facilities are receiving contractual shipments of condensed buttermilk with excess supplies being dried and stored at some plant locations. Offerings are noted at the average for the light interest. Western producers are competitively offering supplies to Central region buyers. Central producers are not aggressively marketing their supplies as excess dry buttermilk stocks may be needed for contractual shipments during the hot summer months. Off grade buttermilk is available for the good feed interest.

F.O.B. CENTRAL: .9600 - 1.0500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to slightly higher. The market tone is steady to firm. Drying schedules remain moderate. Churning activity is still heavy and improving demand for liquid/condensed buttermilk is easing the need for dryer time. Producer inventories are fairly well balanced, but product is available for immediate spot sale. Demand is fair to good.

F.O.B. NORTHEAST: .9500 - .9700
DELVD SOUTHEAST: .9700 - .9900

DRY BUTTERMILK - WEST

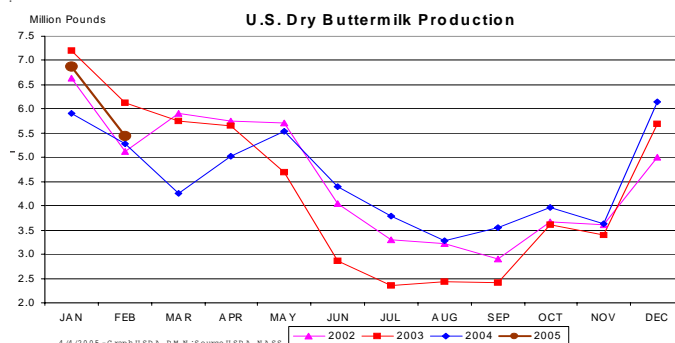
Western dry buttermilk prices are unchanged with the market tone steady to weaker. Production levels remain active as butter churning in the region is high and sales of condensed buttermilk are slow to establish. There are producers who are longer than projected and are discounting to keep current. There are offering prices reported this week below the low end of the range. The sense is that buying interest for powder has slowed in the short term. Stocks are light to moderate.

F.O.B. WEST: .9350 - .9850 MOSTLY: .9500 - .9600

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower as the Class IV milk prices moved slightly lower. Prices remain nominal. Production levels are light and geared toward meeting contracts. Plant stocks are closely balanced. Demand is mostly steady.

F.O.B. PRODUCING PLANT: 1.2725 - 1.4000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged on a steady to firm market. While resellers report trades and/or offerings at 1-2 cents over the average, producers are listing prices at standard premiums and offering additional loads onto contracts without hesitation. Production is steady to seasonally higher. Increased milk production is encouraging cheese manufacture, resulting in increased offerings of condensed whey to feed users and processors of WPC/lactose or whey. Buyers and sellers are generally not aggressive in trading whey. Brokers report the market as "quiet". Veal feed buyers may be holding excess supplies of whey due to slow veal milk replacer demand. Reduced interest in veal milk replacer is reportedly due to higher ingredient costs and higher prices of veal calves that discourage farms from replacing calves. Milk replacer quality whey supplies are light and trades reported are nominal.

F.O.B. CENTRAL: .2475 - .2675 MOSTLY: .2475 - .2525
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2200 - .2400

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady, but some fractional gains are noted. The market tone is steady at fairly firm levels. Buyers and traders comment that finding dry whey direct from the producer is getting to be more difficult, but overall demand is still not as aggressive as some expected and prices are not moving too quickly. Most producers in the Northeast are maintaining their premiums at the levels they were during the winter. Some are sold out, some holding any "extra" loads for future needs, and other do have an occasional load for immediate spot shipment. Cheese output in the Northeast is lighter as some producers reduce the number of shifts per week. Also, one plant will reportedly be down next week for maintenance.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2550 - .2725
DELVD SOUTHEAST: .2750 - .2925

DRY WHEY - WEST

Western whey prices range from steady to fractionally higher. Sales activity is rated as good and the market tone is firm. Powder continues to move well into both export and domestic markets. Domestic buyers are taking regular volumes to fill their ongoing needs. New exports continue to take place on a regular basis. European prices have increased sharply in recent weeks meaning that they are not as competitive in export markets as they were over the winter. They may not have enough powder to be actively courting much new export business at this time. Powder production in the Western region is increasing seasonally as more milk becomes available to cheese plants. Any inventories are held with confidence.

NONHYGROSCOPIC: .2700 - .2900 MOSTLY: .2725 - .2825

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a firm market. Trade activity is nearly non-existent. Offerings are noted on the resale market anywhere from 2 to 8 cents over the average. Producers are generally able to satisfy contractual orders with any additional production also being reserved for contractual use. With price increases in whey, feed users are not able to afford WPC 34% and are actively searching for low cost alternatives. Supplies of WPC 80%, often used as a substitute for WPC 34%, are mixed. Inquiries are predominantly noted from brokers. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7950 - .8600 MOSTLY: .7950 - .8250

LACTOSE - CENTRAL AND WEST

Prices are mostly unchanged on a steady market. Production is steady to seasonally higher with most plants operating at full capacity. Higher mesh size lactose is trading at the average to higher for the good interest. Lower mesh size lactose is in better balance and trading at the average to lower. As a product subject to tariff, lactose needs to trade lower than dry whey permeate to be competitive in some feed export markets, despite the disparity in lactose content between lower mesh lactose and dry whey permeate. Demand from edible markets is mostly contractual. Feed grade lactose is available at some locations for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1650 - .2100 MOSTLY: .1700 - .1900

CASEIN - NATIONAL

Casein markets and prices remain firm. The supply situation is little changed from recent weeks. Oceania suppliers indicate that stocks are in very close balance and often short of full needs. European production is just getting underway and producers and handlers remain optimistic that the season will be positive. In many instances, domestic buyers are not getting their desired volumes, thus they continue to seek spot availability which is very limited to non existent. On April 7, the Commodity Credit Corporation (CCC) issued invitation #042 to buy from CCC approximately 4 million pounds of government owned nonfat dry milk for the production of casein/caseinate. Bids were due on Tuesday, April 12 with one successful bidder announced on Thursday, April 14. Under invitation #042, 260,164 pounds of nonfat dry milk were sold at \$0.5300 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

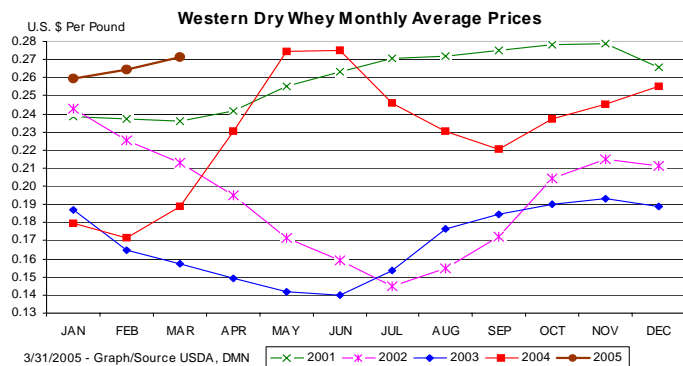
RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

EVAPORATED MILK - NATIONAL

Prices and the market tone are little changed. Production patterns are starting to increase slightly as milk supplies are increasing toward the peak in most parts of the country. Demand is slow to fair and remains highly competitive.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.



CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	03/30	03/31	04/01	04/04	04/05	04/06	04/07	04/08	04/11	04/12
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
MAR 05	14.05 (4018) 4	14.05 (3735) 0	14.08							
APR 05	14.71 (3202) 111	14.67 (3186) 164	14.40 (3203) 287	14.51 (3207) 296	14.54 (3196) 96	14.54 (3153) 23	14.51 (3115) 185	14.54 (3132) 94	14.54 (3129) 90	14.59 (3112) 136
MAY 05	14.93 (2915) 233	14.88 (2968) 181	14.44 (2955) 189	14.60 (2994) 275	14.30 (3005) 187	14.32 (2981) 146	14.25 (2987) 164	14.27 (3031) 158	14.35 (3087) 212	14.61 (3082) 233
JUN 05	14.58 (2519) 102	14.55 (2546) 74	14.20 (2543) 77	14.35 (2563) 109	14.25 (2577) 60	14.27 (2585) 41	14.25 (2590) 57	14.25 (2593) 33	14.45 (2617) 101	14.60 (2602) 138
JUL 05	14.70 (2292) 55	14.64 (2279) 39	14.50 (2291) 21	14.53 (2294) 37	14.53 (2301) 21	14.60 (2289) 45	14.69 (2296) 40	14.65 (2303) 33	14.74 (2321) 69	14.79 (2275) 96
AUG 05	14.85 (2437) 21	14.84 (2406) 53	14.80 (2414) 48	14.75 (2415) 22	14.70 (2423) 25	14.80 (2434) 23	14.81 (2435) 34	14.80 (2435) 38	14.85 (2438) 30	14.90 (2419) 36
SEP 05	14.81 (2249) 39	14.83 (2251) 11	14.68 (2266) 25	14.80 (2273) 37	14.78 (2292) 21	14.78 (2292) 20	14.85 (2305) 31	14.85 (2304) 32	14.85 (2318) 35	14.95 (2331) 24
OCT 05	13.90 (1572) 34	13.85 (1570) 15	13.79 (1575) 8	13.80 (1574) 3	13.80 (1581) 11	13.80 (1589) 24	13.95 (1602) 14	13.90 (1601) 13	13.90 (1606) 7	13.95 (1610) 7
NOV 05	13.63 (1223) 12	13.55 (1224) 1	13.55 (1228) 15	13.51 (1237) 16	13.52 (1255) 26	13.49 (1275) 29	13.65 (1279) 7	13.57 (1280) 6	13.57 (1289) 10	13.62 (1292) 6
DEC 05	13.16 (1124) 17	13.20 (1125) 14	13.20 (1136) 24	13.20 (1145) 23	13.17 (1149) 11	13.17 (1186) 43	13.40 (1189) 4	13.19 (1189) 8	13.25 (1195) 7	13.30 (1195) 2
JAN 06	13.10 (301) 7	13.05 (304) 3	13.05 (307) 3	13.05 (307) 2	13.10 (308) 8	13.10 (344) 44	13.30 (349) 9	13.19 (374) 29	13.27 (374) 11	13.27 (381) 7
FEB 06	13.10 (262) 6	13.10 (265) 3	13.10 (268) 4	13.10 (270) 2	13.10 (279) 9	13.15 (286) 18	13.18 (293) 7	13.15 (309) 24	13.15 (309) 10	13.15 (316) 7
MAR 06	13.12 (247) 5	13.12 (250) 4	13.15 (257) 10	13.15 (257) 2	13.10 (257) 0	13.10 (274) 42	13.14 (281) 7	13.14 (297) 24	13.14 (297) 9	13.13 (304) 7
APR 06	13.15 (199) 4	13.15 (202) 3	13.15 (205) 5	13.15 (204) 1	13.15 (204) 0	13.15 (216) 32	13.20 (222) 7	13.20 (238) 19	13.20 (238) 9	13.19 (247) 10
MAY 06	13.15 (172) 4	13.15 (175) 3	13.15 (178) 6	13.15 (179) 2	13.10 (185) 6	13.10 (192) 25	13.20 (196) 6	13.20 (211) 17	13.20 (212) 11	13.19 (219) 7
JUN 06	13.35 (142) 4	13.35 (145) 3	13.35 (148) 6	13.35 (159) 12	13.31 (159) 8	13.31 (167) 14	13.31 (164) 9	13.30 (180) 19	13.31 (186) 9	13.30 (196) 10
JUL 06	13.25 (87) 4	13.25 (90) 3	13.25 (97) 10	13.25 (97) 0	13.25 (97) 0	13.25 (107) 15	13.35 (107) 0	13.35 (117) 15	13.35 (120) 3	13.35 (137) 22
AUG 06	13.35 (70) 4	13.35 (73) 3	13.35 (78) 8	13.35 (78) 0	13.35 (80) 2	13.40 (89) 9	13.45 (89) 0	13.45 (104) 15	13.50 (104) 3	13.50 (111) 22
SEP 06	13.55 (54) 4	13.55 (57) 3	13.55 (60) 6	13.55 (60) 0	13.55 (60) 0	13.55 (60) 0	13.55 (60) 0	13.55 (81) 21	13.65 (82) 4	13.65 (89) 22
OCT 06	13.15 (74) 4	13.15 (77) 3	13.15 (80) 6	13.15 (80) 0	13.15 (80) 0	13.15 (80) 0	13.15 (80) 0	13.15 (95) 15	13.15 (96) 4	13.14 (103) 22
NOV 06	12.95 (74) 4	12.95 (77) 3	12.95 (80) 6	12.95 (85) 5	12.95 (86) 1	13.05 (88) 2	13.05 (88) 0	13.05 (103) 15	13.05 (104) 4	13.04 (109) 20

CME - (CLASS IV) MILK FUTURES - Dollars per cwt.

MAR 05	12.80 (7) 0	12.80 (7) 0	12.66							
APR 05	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0
MAY 05	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0
JUN 05	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0
JUL 05	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.79 (22) 0	13.75 (22) 0	13.75 (22) 0	13.75 (22) 0
AUG 05	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.79 (22) 0	13.75 (22) 0	13.75 (22) 0	13.75 (22) 0
SEP 05	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.80 (22) 0	13.79 (22) 0	13.75 (22) 0	13.75 (22) 0	13.75 (22) 0
OCT 05	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0	13.50 (5) 0
NOV 05	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0	13.50 (6) 0

CME - BUTTER FUTURES -- Cents per pound

MAY 05	159.00 (296) 2	159.00 (289) 20	155.50 (286) 9	156.50 (282) 12	157.25 (283) 1	158.00 (268) 26	158.25 (257) 31	157.00 (267) 21	157.50 (267) 2	157.50 (262) 15
JUL 05	161.00 (269) 0	161.00 (277) 11	158.50 (277) 0	158.50 (277) 0	158.50 (284) 8	160.00 (296) 13	160.50 (323) 33	159.00 (317) 9	160.50 (314) 6	160.00 (319) 20
SEP 05	162.50 (174) 0	162.50 (176) 5	159.00 (176) 0	159.00 (183) 9	160.00 (196) 13	162.50 (201) 8	162.50 (202) 1	162.50 (230) 29	162.50 (246) 16	162.50 (244) 10
OCT 05	161.25 (111) 0	161.25 (113) 5	160.00 (119) 6	160.00 (118) 4	160.00 (118) 0	162.00 (118) 0	162.00 (118) 1	162.00 (118) 2	162.75 (123) 7	163.25 (134) 16
DEC 05	154.00 (34) 0	154.00 (34) 0	154.00 (34) 0	154.00 (34) 0	154.00 (34) 0	154.00 (34) 0	154.00 (34) 0	154.00 (34) 0	155.00 (34) 0	155.00 (34) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered April 4 - 15, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN EUROPEAN OVERVIEW: The European milk production season is off to a positive start. Early reports indicate that milk receipts are running 2 - 3% ahead of last year at this time. Milk handlers and traders state that weather conditions have not been all that conducive to early season gains. Pasture growth remains slow with most producers in Western Europe still holding their cows off of pastures for possibly another week or so. Much of the production growth is being attributed to winter feed carry over which remains plentiful and of good quality. Stocks of manufactured dairy products are increasing as the milk production season develops. In recent weeks, prices have been weaker, although in recent days this weakening trend has slowed and in instances, prices are gaining strength. Sales activity is being reported, but no significant new sales are reported at this time as export refunds are limited through the end of June and uncertain for later deliveries. Traders and handlers feel that potential buyers will probably continue to hold off with their buying decisions until production and market conditions provide a better picture. Intervention offerings of skim milk powder and butter continue, but the volumes are minimal in comparison to other years at this time. Producers and handlers of these products feel that total offerings of skim milk powder during the open season will not attain maximum levels this year, but butter may be heavy. Most feel that sales both internally and internationally will be significant enough to clear surplus volumes. Since March 1 and through April 12, 1,570 MT of skim milk powder have been offered to intervention. This total compares to 2,456 MT during the comparable period last year, nearly 6,000 MT in 2003, and 21,000 MT in 2002. During the first six weeks of the current open season, butter offerings totaled 14,622 MT versus 14,466 MT last year at this time.

BUTTER/BUTTEROIL: Butter markets generally steady with prices unchanged to slightly higher. Stocks of butter are available for immediate shipment, although buyer interest is not active. At this point, most sales activity is centered around a local or internal market. Through mid April, intervention offerings of butter total 14,622 MT and are comparable to last year. Butter traders and handlers feel that butter clearances to intervention during the open season to be higher than last year.

82% BUTTERFAT:	1,850 - 2,050
99% BUTTERFAT:	2,400 - 2,600

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm, with prices unchanged to slightly higher. Milk production is building seasonally, thus increasing milk volumes are clearing through the drier. At this point, powder stocks are available for immediate shipment. Traders reported that 15,000 - 20,000 MT of European sourced skim milk powder will be clearing to Algeria during the next few months. Outside of this sale, no significant sales are being reported at this time, although potential buyers are in the market, but are hesitant to finalize negotiations. Since March 1, intervention offerings have been light. Most powder handlers anticipate total offerings to the program to be light this year.

1.25% BUTTERFAT:	2,200 - 2,250
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady although prices are slightly firmer. Stocks are increasing as production schedules follow increasing milk production trends. European traders and handlers state that buyer interest is developing, although no significant sales are being reported at this time. Some European traders feel that sales activity during the upcoming months potentially could be very strong, especially due to limited whole milk powder supplies within the international market place.

26% BUTTERFAT:	2,250 - 2,325
----------------	---------------

SWEET WHEY POWDER: European whey powder markets remain firm with prices higher to sharply higher. Cheese production is increasing seasonally as milk volumes increase thus whey powder volumes are also on the increase. Sales activity is centering around a domestic calf feed market. Traders and handlers feel that current firm prices will only further limit potential international buyer interest.

NONHYGROSCOPIC:	625 - 800
-----------------	-----------

EASTERN EUROPEAN OVERVIEW: Milk production trends continue to expand. Pastures and grass growth is slow in maturing this year. For the most part, milk producers are not pasturing their cows as of yet and indicate that it may be two - three weeks before pastures will be ready for grazing. The recent Algerian tender for skim milk powder has between 15,000 - 20,000 MT of powder being sourced from Europe. Traders indicate that a significant portion of this powder will be coming from Poland with shipment now through June.

OCEANIA

OCEANIA OVERVIEW: The Oceania milk production season continues to wind down. Many milk producers and handlers are now stating that it does not appear that the second half of the production season will generate additional milk volumes that were not attained during the first half of the season. Although there are still 2 - 3 months left of the official season, handlers feel that a spurt in output will not be significant enough to offset the declines. Milk production reports continue to indicate that New Zealand's output is running 4 - 5% behind last year with Australia's output lagging last season by 0.9%. In New Zealand, milk handlers are stating that the strong growth in dairies in recent years, especially on the South Island, has slowed. This slower trend and weather conditions that were less than desirable early in the season are two factors that they attribute to lower milk output. In Australia, through February (8 months) on a cumulative basis, milk production in Victoria and Tasmania is up 1.0 and 1.7% respectively although all other dairy regions of the country are down as much as 9.9% in Queensland and 5.4% in New South Wales. Stocks of manufactured dairy products are still tight with very little product left uncommitted. Prices remain firm, although some softening is appearing as the European milk production season is just getting underway and supplies are increasing. Oceania traders and handlers feel that world prices will probably adjust slightly lower, but do not anticipate significant declines. Supply availability is the main question at this time. Oceania suppliers and international buyers know Oceania's supply situation, thus traders feel that many international buyers are waiting for European supplies to become available. Some traders feel that international buyers may return to the market earlier this year for their needs and secure a supply versus delay their decision making for favorable prices.

BUTTER: Butter markets are generally steady although prices are edging lower, especially on the top end of the reported range. Traders and handlers continue to report fully committed stocks and do not foresee any significant volumes becoming available as the milk production season winds down. Traders state that buyers are in the market looking for butter/butterfat, thus they will need to look to other sources for their needs. At this point, most eyes are on European sourced product as their milk production season is just getting underway.

82% BUTTERFAT:	1,950 - 2,300
----------------	---------------

CHEDDAR CHEESE: Oceania cheese markets are generally steady with prices unchanged to lower, especially on the top of the reported range. Cheese demand continues to center around regular and ongoing customer needs. Traders and handlers state that cheese stocks are in close balance and basically fully committed. During the next few weeks, some Oceania traders are heading off to negotiate the next round of six month cheese needs in the Far East.

39% MAXIMUM MOISTURE:	2,650 - 2,900
-----------------------	---------------

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady with prices unchanged to lower. Traders and handlers are seeing world prices starting to soften for many dairy products, including skim milk powder. The weakening trend is being attributed to the new European milk production season and the potential for increasing supplies. In Oceania, stocks remain fully committed. Recent production data from Australia indicated that skim milk powder production for the month of February was 6.6% heavier than last February, although cumulative production continues to trail last year by 3.1%.

1.25% BUTTERFAT:	2,150 - 2,250
------------------	---------------

WHOLE MILK POWDER (WMP): As with most other manufactured dairy product markets, whole milk powder markets are generally steady with prices unchanged to lower. The main weakness is being attributed to softer world prices, the resumption of the European milk production season, and the potential for increasing supplies from that region. Oceania supplies remain in close balance and are basically fully committed. Most traders and handlers do not anticipate having any volume of powder available at the end of the season for spot buyer interest. In Australia, through February (8 months) cumulative whole milk powder production trailed last season by 0.9%, although February's output was 3.7% heavier than February 2004.

26% BUTTERFAT:	2,150 - 2,300
----------------	---------------

Exchange rates for selected foreign currencies: April 11, 2005

.8109 Canadian Dollar	.0229 Indian Rupee
.3462 Argentina Peso	.7211 New Zealand Dollar
.0901 Mexican Peso	.7753 Australian Dollar
.3170 Polish Zloty	.0093 Japanese Yen
	1.2976 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0901)= 11.0988 That is 1 US Dollar equals 11.0988 Mexican Pesos. Source: "Wall Street Journal"

APRIL MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecast for 2004/05 is marginally reduced from last month. Demand remains firm and price forecasts are raised. The forecast for Class III milk is raised to \$13.95-\$14.35 per cwt. and the Class IV price range is tightened to \$12.40-\$13.00 per cwt. The all milk price is raised to \$14.95-\$15.35 per cwt. for 2004/05.

Item	2002/03 1/	2003/04 Estimated 1/		2004/05 Projected 1/	
		March	April	March	April
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	9.9	9.9
PRODUCTION	170.5	170.4	170.4	172.7	172.6
FARM USE	1.1	1.1	1.1	1.0	1.0
MARKETINGS	169.4	169.3	169.3	171.7	171.6
IMPORTS 2/	5.0	5.4	5.4	4.9	4.9
TOTAL COMMERCIAL SUPPLY 2/	185.6	185.7	185.7	186.5	186.5
USE					
COMMERCIAL USE 2/ 3/	173.3	175.8	175.8	177.3	177.3
ENDING COMMERCIAL STOCKS 2/	11.0	9.9	9.9	9.2	9.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	1.2	-0.1	-0.1	0.0	0.0
SKIM SOLIDS BASIS 4/	8.8	2.0	2.0	-0.2	-0.4
		DOLLARS PER CWT.			
MILK PRICES 5/					
CLASS III 6/	10.63	14.94	14.94	13.80-14.20	13.95-14.35
CLASS IV 6/	10.05	12.48	12.48	12.35-12.95	12.40-13.00
ALL MILK 7/	11.91	15.63	15.63	14.85-15.25	14.95-15.35
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	29	-7	-7	0	0
CHEESE	47	7	7	0	0
NONFAT DRY MILK	719	168	168	-20	-35
DRY WHOLE MILK	0	0	0	0	0
	QUARTERLY 8/			ANNUAL 8/	
	2005 II	2005 III	2005 IV	2004	2005
MILK PRODUCTION	44.7	42.8	42.8	170.8	173.5
	DOLLARS PER CWT.				
ALL MILK PRICE 5/ 7/	14.40-14.80	14.05-14.75	14.90-15.90	16.03	14.75-15.25
CLASS III PRICE 5/ 6/	13.55-13.95	13.15-13.85	13.30-14.30	15.39	13.60-14.10
CLASS IV PRICE 5/ 6/	12.15-12.65	12.15-13.05	12.10-13.30	13.20	12.25-12.95

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

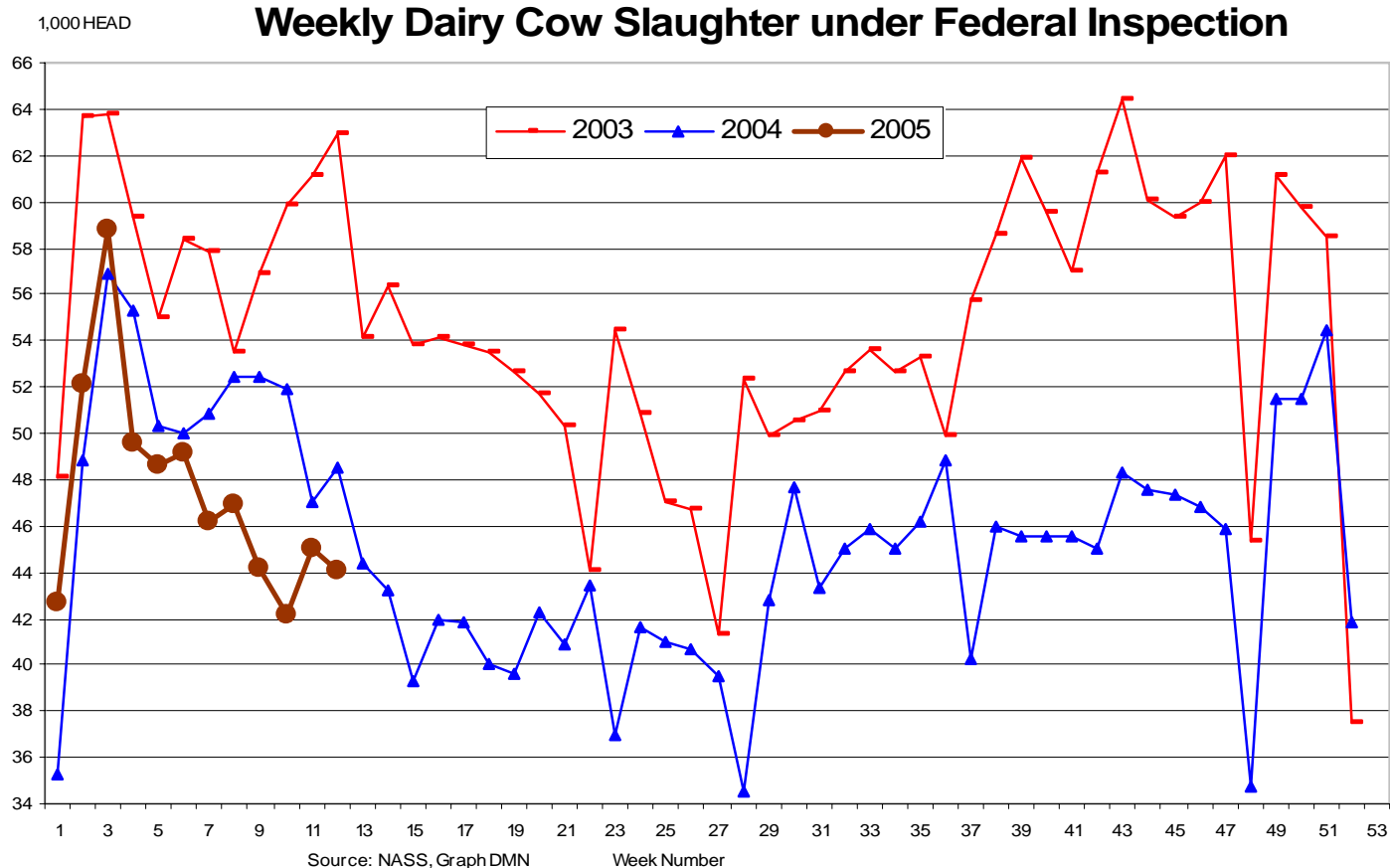
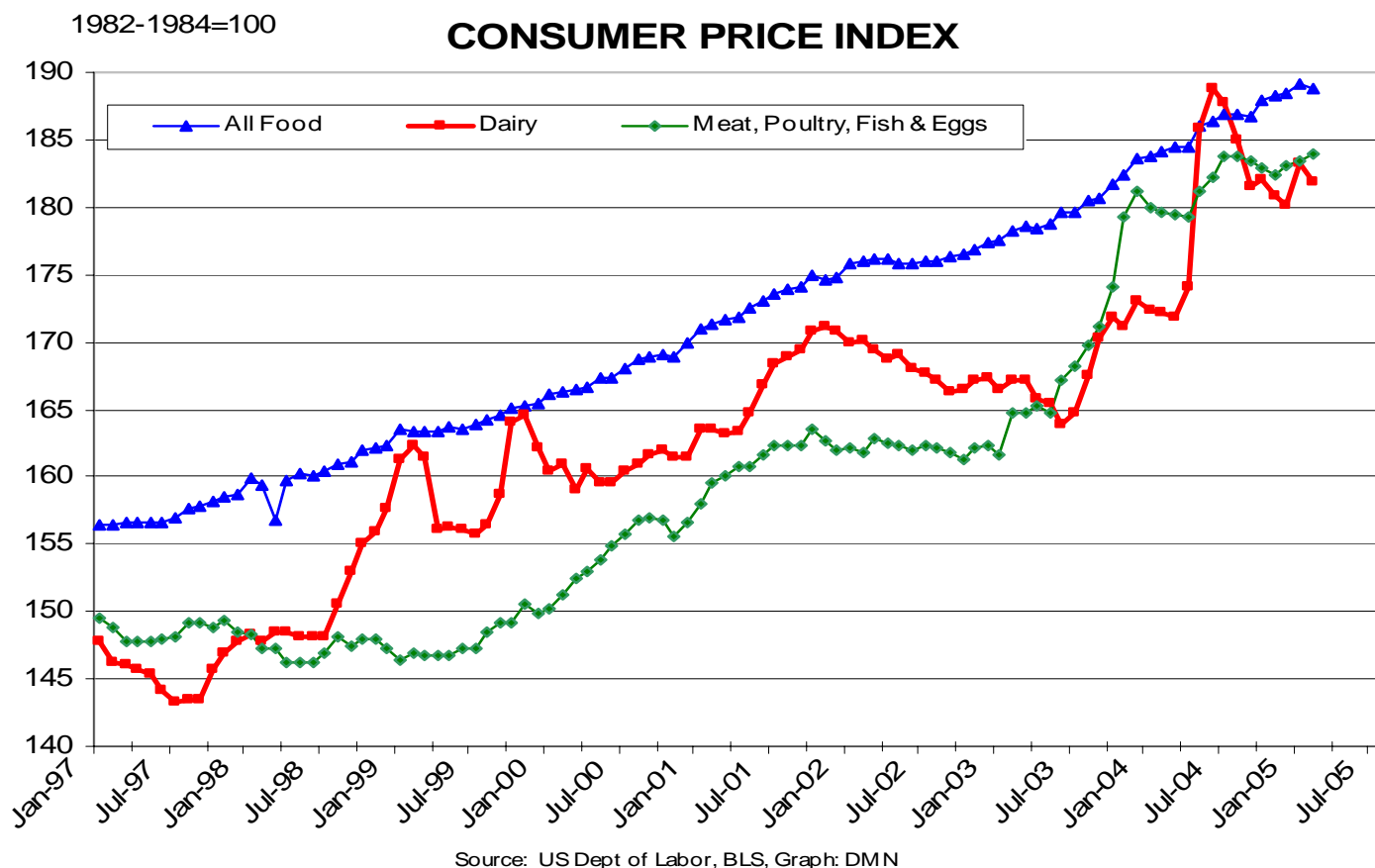
SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-421, World Agricultural Outlook Board, USDA, April 8, 2005.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, JANUARY 2005

In January 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.89 per cwt., \$.49 less than the figure for the previous month. The component tests of producer milk in January 2005 were: butterfat, 3.75%; protein, 3.08%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices decreased in all reporting areas except four, and ranged from \$18.70 in Florida to \$14.09 in New Mexico. In January 2004, the Federal milk order all-area average mailbox price was \$13.20, \$2.69 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	January 2004	December 2004	January 2005
	Dollars per hundredweight		
Northeast Federal Milk Order	13.50	16.70	16.37
Appalachian States <u>3/</u>	13.74	16.36	16.57
Southeast States <u>4/</u>	14.30	16.80	17.21
Southern Missouri <u>5/</u>	12.97	15.97	16.01
Florida	15.97	18.10	18.70
Ohio	13.29	16.51	15.99
Indiana	13.30	16.52	16.11
Michigan	13.04	16.09	15.58
Wisconsin	13.34	17.25	16.00
Minnesota	13.11	16.60	15.78
Iowa	13.17	16.57	15.92
Illinois	13.17	16.87	15.88
Corn Belt States <u>6/</u>	12.46	15.30	14.98
Western Texas <u>7/</u>	12.72	15.55	15.00
New Mexico	11.74	14.42	14.09
Northwest States <u>8/</u>	12.39	15.03	14.76
All Federal Order Areas <u>9/</u>	13.20	16.38	15.89
California <u>10/</u>	12.11	15.18	14.85

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. Figure for the previous year has been revised to exclude prices for Idaho and Utah which no longer are being reported. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF APRIL 11 - 15, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 04/08/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	247,663,819	-0-	672,556,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	247,544,771	-0-	718,947,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF APRIL 11 - 15, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.2	65.7
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	53.5	2,881.4
CUMULATIVE JANUARY 1 - APRIL 15, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	28.0	1,532.2

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF APRIL 11 - 15, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	3.1
WEST	-0-	-42,309	-0-	-0-	29,415,099	235,614,721	92.4	95.1
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.8
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	247,544,771	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2005 is 0 pounds.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 03/26/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2005-Dairy	N.A.	0.6	N.A.	2.5	14.2	2.5	0.6	N.A.	12.4	2.5	42.4	611.9	49.1	49.5
2004-Dairy	N.A.	0.7	N.A.	2.2	16.2	2.3	0.7	N.A.	10.8	2.9	44.4	644.0	45.9	49.6
2005-All cows	N.A.	0.7	N.A.	10.4	26.4	10.1	10.8	N.A.	13.3	4.3	86.3	1,236.4		
2004-All cows	N.A.	0.8	N.A.	9.6	28.1	12.6	15.8	N.A.	12.1	5.5	96.7	1,297.7		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13								
II	13.04	13.36	13.25									
III	14.14	14.70	14.08									
IV	12.52	12.74	12.66									

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm